

EXHIBIT 26

DECLARATION OF THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA

I, Elizabeth Peloso declare as follows:

1. I am the Senior Associate Vice President and Senior Associate Vice Provost for Research at The University of Pennsylvania (UPENN) in Philadelphia, Pennsylvania. I have held that position since July 1, 2024. I previously served as the Associate Vice President and Associate Vice Provost for Research from January 1, 2014 until July 1, 2024.

2. I have personal knowledge of the contents of this declaration, or have knowledge of the matters based on my review of information and records gathered by UPENN personnel, and could testify thereto.

3. UPENN receives substantial annual funding from the National Science Foundation (“NSF”). In fiscal year 2024, UPENN research expenditures included more than \$73.3 million on NSF funded projects. There were 132 projects on grants supported by the NSF, with awarded value of \$47,467,560 and an additional 4 cooperative agreements with an awarded total of \$28,374,494.

4. UPENN intends to apply for new funding awards and/or renewals and continuations of existing awards in the next year and in future years to come. A review of Penn’s proposal management systems shows that more than a dozen UPENN researchers have proposals in progress for future submission to NSF.

5. The funding UPENN receives from NSF supports critical and cutting-edge research, which is vital to our nation’s security, and which also often has benefits for American business. Millions of Americans and U.S. National Security will benefit from and depend on NSF supported research currently being conducted at UPENN. For example:

- a. NSF funded research at UPENN supports several programs that will advance U.S. capabilities in Artificial intelligence (A.I.). The breadth of these A.I.-

related projects includes applications to advance the use of A.I. in robotics, chip design, and wireless communications, as well as research performed on the Internet of Things to advance U.S. agricultural crop production. UPENN researchers are also performing fundamental research to address A.I. energy consumption. There are ongoing projects to develop electronic circuits that can adjust themselves to learn A.I. tasks without a processor, which will result in immense potential energy savings. This research has the potential to revolutionize the A.I. industry, by reducing energy consumption, improving cybersecurity by allowing devices to operate in isolation from computer networks, and improving U.S. economic competitiveness overall. UPENN research teams are also working to develop methods ensuring safe and robust A.I. operation in uncertain environments by integrating offline resilience with real-time adaptive techniques. This research advances safety-aware machine learning and uncertainty quantification, enabling reliable A.I. performance crucial for national security applications such as autonomous systems, robotics, and secure cyber-physical systems.

- b. UPENN is also performing research on domain dynamics and switching in quantum materials, because research of this nature is critical for understanding and controlling these complex materials. The large robust optical responses developed in these magnetic topological semimetals at UPENN will have significant benefits for the fast-growing field of quantum materials with novel properties for faster memory devices and energy-efficient quantum information processing.

- c. NSF supported projects are also allowing UPENN researchers to establish open-platform facilities that integrate A.I., microfluidics, and automation. These integrations can be used to accelerate the design, synthesis, and delivery of nucleic acids. The integration of A.I., microfluidics, and automation and the enhancement of nucleic acid technology has applications in all areas of bioscience and biotechnology, spanning food security, agriculture, animal, and human health.
- d. Also related to human health, UPENN researchers are striving to better understand the human brain and the human nervous system. For example, one project is developing novel neural interfacing devices to simultaneously monitor and control electrical, chemical, and optical activity in the brain with unprecedented precision. This research integrates innovations in bioelectronic materials, device designs, and wireless systems to enable in vivo monitoring and controlling of neural circuits, with the goal of advancing neuroprosthetics, neuromodulation therapies, and our enhancing our understanding of neurological disorders. UPENN research on early childhood brain development and learning has led to discoveries on how brain plasticity changes over development, which will inform how and when we teach fundamentals of science, technology, engineering and math (STEM). This work in early childhood brain development is critical for optimizing STEM talent in the U.S. and is therefore an important component of increasing U.S. scientific and technological competitiveness.

- e. NSF funded research at UPENN is also leading to important discoveries related to efficacy of drug delivery into human cells. Most of the proteins found to be responsible for diseases ranging from cancer to Alzheimer's disease are thought to be “undruggable” due to a lack of pockets where drugs can bind. UPENN research aims to show how such proteins can be drugged by exploiting computer simulations and experiments to find pockets that form due to protein's moving parts, providing novel means to make Americans healthy.
 - f. UPENN researchers are using NSF funding to develop rare-earth element (REE) selective protein-hydrogels to enable cation trapping (i.e., forced concentration of positively charged ions in a particular location) for scalable, distributed, continuous REE recovery processes. We are motivated to meet an urgent national need; REEs are critical materials; in particular Nd (Neodymium), Pr (Praseodymium), Dy (Dysprosium), and Tb (Terbium), which are rare but continue to be critical for the electrified economy. The platform under development allows high capacity and selective capture of REEs over non-REE cations, as well as discrimination among specific REEs.
6. UPENN technologies developed with NSF funding are being commercialized by U.S. businesses. For example:
- a. NSF funded research at UPENN resulted in the generation of multiple “organ-on-chip” platforms that are being commercialized by Vivodyne, a Penn startup company. The company has raised \$38M and is using this technology to grow human tissue in the lab to test and translate new therapies before they go into clinical trials. The goal is to increase the success rate of drugs coming to

market, and to reduce, refine, or replace reliance on animal testing for drug development.

- b. NSF funded research at UPENN resulted in technology that is enabling the development of a first non-invasive, wearable, and continuous monitoring system to detect stroke. This technology would support human health, help treat chronic cardiovascular disease, and potentially avoid serious neurological damage by detecting strokes early. The technology is being commercialized by Neuralert Technologies, a UPENN startup company. The company has initiated a pilot clinical study for the device and is planning a pivotal clinical trial in 2025.
- c. NSF funded research at UPENN resulted in the development of a novel sensor, which is being combined with artificial intelligence and machine learning for use in an “electronic nose” which is critical for detecting volatile organic compounds, or “VOCs”. VOC Health, a UPENN startup company, is developing a device based on this technology to improve the diagnosis of a variety of diseases including cancer and viral infections.

7. Reimbursement of UPENN’s indirect costs is essential for supporting this research. NSF’s cutting of indirect cost rates to 15% would preclude carrying out the kinds of research projects described in paragraph 5 in the future and would jeopardize the ability to partner promising technologies with U.S business as described on paragraph 6 of this Declaration.

8. Indirect costs include constructing and maintaining state-of-the-art laboratories and other facilities required to meet the current technical requirements of advanced research, and procurement and maintenance of equipment necessary to conduct such research, such as

specialized testing environments, precision instrumentation and laboratory safety systems. Without this critical infrastructure, we simply cannot conduct the research.

9. For example, with respect to the areas of research described in Paragraph 5 of this Declaration:

- a. The Singh Center for Nanotechnology (Singh) includes advanced nanofabrication equipment, specialized air handling, and clean rooms, each of which is essential to the performance NSF funded research.
- b. The Laboratory for Research on the Structure of Matter relies on substantial indirect support UPENN receives to advance the Laboratory's research missions in (1) understanding the fundamentals of how materials systems can adapt responsively to various different types of applied stimuli through system-learned responses, forging an exciting new avenue for the development of physics-responsive A.I. approaches, and (2) the development of novel biomaterials through controlled phase separations, which could lead to new ways of controlling molecules, giving rise new methods to deliver drugs to selected human cells to treat disease.
- c. Furthermore, indirect support allows us to maintain a range of scientific facilities for use by UPENN researchers, but also for external users from surrounding universities as well as to other organizations investigating new products and innovations. Because the cost of this equipment is relatively high, it is not possible for many of these external users to replicate our facilities in-house, and many such efforts from these external organizations, businesses, and universities who rely on UPENN facilities would cease.

- d. The impact of a 15% cap on UPENN research facilities would include:
- i. A reduction of the resources available to repair/maintain critical equipment and to add new, cutting-edge capabilities. Equipment repairs are inevitable in a facility that both conducts cutting edge research (i.e. uses process tools in new and innovative ways) and trains students, who may go on to have careers in semiconductor manufacturing, as to how to use the equipment.
 - ii. A limitation UPENN's ability to train new students in the technologies described in paragraphs 5 and 6 of this Declaration, and therefore has the potential to impact the next generation of researchers and scientists.
 - iii. Increased equipment downtime due to lack of funding resources for routine maintenance, which would significantly slow research progress.
 - iv. Significantly slowed research progress in micro/nano devices, due to either equipment downtime and decreased maintenance, or inability to acquire state-of-the-art equipment, which will allow foreign institutions to outcompete the U.S. in terms of being the first to invent, patent, and commercialize new device technologies.

10. Physical facilities costs (such as the facilities described in paragraph 9 of this Declaration) are one of the largest components of what is covered by indirect costs. This includes not only the usual costs of constructing and maintaining buildings where research occurs, but the very high costs of outfitting and maintaining specialized laboratory space, which can require special security, advanced HVAC systems, and specialized plumbing, electrical systems and waste management, as well as specialized laboratory equipment. Increasingly, NSF funded research

requires access to high-speed computing resources that are supported centrally. The features and amount of space available to researchers have a direct and obvious impact on the nature and amount of research that can be done at UPENN. High speed computing capability and the ability to manage large data sets are particularly crucial to our A.I. and quantum initiatives.

11. In addition, indirect costs fund the administration of awards, including staff who ensure compliance with a vast number of regulatory mandates from agencies such as NSF. These mandates serve many important functions, including ensuring research integrity; protecting research subjects; properly managing and disposing of chemical and biological agents and other materials used in research; managing specialized procurement and security requirements for sensitive research; managing funds; preventing technologies and other sensitive national security information from being inappropriately accessed by foreign adversaries; providing the high level of cybersecurity, data storage, and maintaining computing environments mandated for regulated data; ensuring compliance with specialized security protocols and safety standards; maintaining facility accreditation and equipment calibration to meet research quality and security standards; maintaining compliance with regulatory requirements for animal care and use; and preventing financial conflicts of interest.

12. Recovery of UPENN's indirect costs is based on predetermined rates that have been contractually negotiated with the federal government.

13. Through fiscal year 2027, the predetermined indirect cost rate is 62.5% for on campus research, with other rates applying to off campus research. These indirect cost rates are applied to the direct costs (as modified per 2 CFR 200).

14. The effects of a reduction in the indirect cost rate to 15% would be devastating. Of the \$73,338,770 in NSF funding expenditures at UPENN in fiscal year 2024, approximately \$56

million consisted of payment of direct costs, (\$11 million of which was received for outgoing subcontracts which are eligible for only limited overhead recovery), and \$17.34 million consisted of reimbursement of indirect costs. Similarly, in fiscal year 2025, UPENN expects to receive approximately \$56 million in NSF funding for direct costs and \$17 million in NSF funding for indirect costs. And over the next five years, UPENN anticipates receiving an average of \$56 million from the NSF for annual direct costs. Based on the predetermined indirect cost rates which were agreed upon by the federal government as of May 27, 2024, UPENN thus expects to receive approximately \$17 million in indirect cost recovery on an annual basis.

15. If—contrary to what UPENN has negotiated with the federal government—the indirect cost rate was reduced to 15%, that would reduce UPENN’s anticipated annual indirect cost recovery from over \$17 million to less than \$7.5 million per year over the next 2-3 years, resulting in a loss of approximately \$10,040,100.

16. This reduction would have deeply damaging effects on UPENN’s ability to conduct research from day one of the rate reduction. Many of UPENN’s current research projects will be forced to slow down or cease abruptly. It will also necessarily and immediately result in staffing reductions across the board. For example:

- a. A UPENN faculty member in UPENN’s Physics and Astronomy department submitted a proposal to the NSF Astronomy and Astrophysics Grants (“AAG”) program in November 2024. The proposal is for \$706,432 and is entitled “Cosmology from 2.5-dimensional maps of the universe.” This proposal and project would be impacted. If this proposal is not funded, the faculty member will run out of funds to pay three current PhD students (including one 1st-yr student starting this summer) during the 25-26 academic year.

- b. A UPENN faculty member in UPENN's Physics and Astronomy department submitted a proposal to the NSF Condensed Matter Physics ("CMP") program in June 2024 that was rated well, but no decision has been made. The project is entitled "Novel Full Switching and Photo-galvanic effect in PT-invariant Quantum Antiferromagnets." This proposal is centered around PT-invariant antiferromagnetic spintronics. The discovery of these two-dimensional magnets is a breakthrough in magnetic materials because unlike the previous bulk materials, two-dimensional magnets support devices in the ultimate monolayer limit. This proposal and project would also be impacted. If not funded, the faculty member will lose support for one graduate student and one undergraduate student.
- c. A UPENN faculty member in UPENN's Physics and Astronomy department submitted a proposal to NSF Physics of Living Systems (PoLS) program on December 10, 2024, entitled "Identifying mechanisms of morphogenesis via predictions from physical learning." This proposal seeks to identify the cell- and molecular-scale mechanisms that drive tissue-scale processes during embryonic development. This work could eventually lead to technologies that improve outcomes for diseases associated with defects in tissue morphology, such as congenital disease. This proposal and project would also be impacted. This innovative line of research would be delayed significantly, if not completely derailed, by failure to fund this proposal. The proposal included support for one graduate student to work jointly with three faculty.

- d. A UPENN faculty member submitted a proposal to the NSF-BSF (“Binational Science Foundation,”) (this a research cooperation established with Israel), entitled “New Methods for Multi-Line Studies of Cosmic Reionization and the Sources that Drive it.” This proposal aims to develop a novel suite of multi-scale simulation models to interpret line emission measurements from the James Webb Space Telescope, the recently launched SPHEREx mission, and current ALMA data, enabling new insights into the properties of the first galaxies. This proposal and project would also be impacted. Without this award, there will not be funding available for one graduate student.
- e. A UPENN faculty member submitted a proposal to NSF on March 25, 2024, entitled “NSF-AFRL REFLEQTS: Floquet-cavity engineering of strongly correlated materials for quantum-enhanced photon-based sensing.” This project seeks to establish strongly correlated quantum materials as a novel platform for photon-based quantum sensing and information-processing technologies. This project could result in significant advances in quantum-enhanced photonic sensing, memory devices, and quantum computing architectures capable of operation at near-room temperatures. This proposal and project would also be impacted. Failure to fund this work would impede work at UPENN on a transformational new class of quantum devices as well as impede the training of a domestic quantum work force. The grant includes support for one graduate student and one post doctoral researcher for three years each.
- f. A UPENN faculty member submitted a proposal to a to NSF Advanced Technology for Instrumentation for the Astronomical Sciences (“ATI”)

program on November 15, 2024. This project would support a next-generation improvements to the Hydrogen Epoch of Reionization Array (HERA) telescope project. This proposal and project would also be impacted. Adverse impacts include a break in support for graduate students, as well as delays in the development of a replacement for HERA.

- g. A faculty member in UPENN's Biology department submitted a proposal in March 2025 to the NSF Division of Environmental Biology ("DEB") program, entitled "Collaborative Research: Building and testing a predictive framework for optimal management of modular symbioses." The aim of this project is to develop new predictive theory and new experimental methods to understand how legume plants manage their microbial symbionts that provide them with nitrogen to get the most benefit. The results will improve our understanding of how we can make better symbionts for agricultural systems. This proposal and project would also be impacted. The project will provide interdisciplinary training for a postdoc, two graduate students, and a number of undergraduate students in quantitative and experimental biology – the ability to support these training activities would likely be compromised.
- h. A faculty member in UPENN's Biology department submitted a new multi-school-collaborative proposal on a key application from the lab's epigenome engineering. The aim of this project was– to remove what is considered the major bottleneck in plant biotechnology for crop improvement. This proposal and project would also be impacted. The failure to receive this grant award would force this faculty member to discontinue the positions of two talented

people, and is also expected to result in the inability to develop new intellectual property critical to crop improvement and agriculture.

- i. A faculty member submitted a new joint NSF-SNSF (“Swiss National Science Foundation”) (this a research cooperation established with Switzerland) proposal in March 2025. The aim of this project is to collect lake cores from ice adjacent lakes in Greenland to date the sediments and develop a proxy of ice melt and ice sheet sediment export extending up to 8000 years into the past. It involves collaborations between project partners in the U.S., Switzerland and Greenland. This proposal and project would also be impacted. This grant supports two graduate students, a postdoctoral researcher, a number of undergraduate research assistants, and early career faculty – the ability to support these training activities would likely be compromised and could undermine established international collaborations.
- j. A UPENN faculty member in UPENN’s Chemistry department submitted a proposal to NSF, which aims to tackle a grand challenge in chemistry: the selective activation and functionalization of C–C σ -bonds. This project would enable various technological developments, particularly in pharmaceuticals, fine chemicals synthesis, and soft-materials synthesis. This proposal and project would also be impacted. Without funding, at least one graduate student and one post-doctoral researcher would not receive critical training.
- k. A UPENN faculty member in Chemistry has submitted a proposal to the NSF Science and Technology Center (STC) program that would fund a center for neuro-inspired materials. The center would be called the Center for

Neuromimetic Soft Tissues Engineered for Computation. The center involves research groups from multiple universities and was intended to be a centralized place for examining and developing materials and tissue for application in engineering and human health. This proposal and project would also be impacted. The expected adverse impacts would be the inability to pioneer new directions in computing and the development of soft materials.

17. UPENN has for decades relied on the payment of indirect costs. And until now, we have been able to rely on the well-established process for negotiating indirect cost rates with the government to inform our budgeting and planning. Operating budgets rely on an estimate of both direct and indirect sponsored funding to plan for annual staffing needs (*e.g.*, post-docs, PhD students, and other research staff), infrastructure support (*e.g.*, IT networks, regulatory compliance, and grant management support), and facility and equipment purchases. And in some cases, UPENN has long-term obligations—for example, UPENN includes a commitment to provide multi-year funding for many graduate students, with an understanding that those students will be funded for work on NSF funded research projects. —and it relies on budgeted grant funding, including associated indirect cost recovery, to fulfill these commitments. This multi-year budgeting process also assumes the availability or possibility of grant renewals at roughly similar terms – and certainly at the negotiated indirect cost rate – as had been previously available and is expected given the rate is negotiated and aligned upon between NSF and UPENN.

18. In addition to the immediate effects and reliance interests described above, dramatically cutting indirect cost reimbursement would have longer-term effects that are both cumulative and cascading. As previously mentioned, offices supporting compliance with federal regulatory requirements are funded from indirect cost return. Penn’s research security program,

including research security education, export controls compliance, and research data security are all funded solely from indirect cost recovery. It will be impossible to continue research in critical emerging technology areas without adequate resources to meet increasing federal compliance requirements, including a research security program. This will slow or halt progress in research areas including the use of A.I., quantum computing, and high-speed computing including bioinformatics.

19. Disruptions to UPENN's research will also have negative effects in the Philadelphia area, the Commonwealth of Pennsylvania, and the broader region. 53,000 Pennsylvania residents are directly employed by UPENN, and it collaborates with state and local partners to help solve regional challenges through joint research and innovation. UPENN's research also fuels spending in the regional economy, including by driving discoveries that launch new ventures, attract private investment, and make a positive social impact. A massive reduction in UPENN's research budget would immediately and seriously jeopardize these contributions to the local region.

20. Finally, slowdowns or halts in research by UPENN and other American universities will allow competitor nations that are maintaining their investments in research to surpass the United States on this front, threatening both the national security and the economic dominance of the United States.

21. UPENN cannot cover the funding gap itself. While UPENN maintains an endowment, it is neither feasible nor sustainable for UPENN to use endowment funds or other revenue sources to offset shortfalls in indirect cost recovery:

- a. UPENN's endowment includes over 8,000 individual endowment funds, benefiting the University's schools, centers, and Health System. About 90% of those funds can only be used for specific purposes designated by the donors,

such as scholarships, faculty chairs, and academic programs. UPENN is not legally permitted to use those funds to cover research infrastructure costs.

- b. Even the portion of the endowment that is unrestricted is subject to a carefully managed annual payout, typically around 5%, to ensure long-term financial stability for the institution. Furthermore, UPENN already spends 6% of its consolidated endowment on research.

21 It is also not feasible or sustainable for UPENN to use other revenue sources to offset shortfalls in indirect cost recovery. As a non-profit institution, UPENN reinvests nearly all of its revenue into mission-critical activities, leaving little margin to absorb unexpected funding gaps. In other words, unlike for-profit organizations, UPENN does not generate significant surpluses that could be redirected without impacting core academic priorities such as educational programs and financial aid support for students. Absorbing the cost of a lower indirect cost rate, even if it were possible, would create long-term budget pressures on UPENN—which would in turn force reductions in key investments supporting UPENN’s faculty, students, staff, research, and teaching infrastructure, as well as other critical activities needed to maintain UPENN’s academic excellence. So even if UPENN could “cover” some of the indirect costs previously funded by NSF, it could do so only by negatively affecting other critical goals central to UPENN’s mission.

22. If UPENN can no longer apply for NSF grants because it is unable to accept the new indirect cost rate cap – a risk that would impact all future NSF grants, given the impossibility of carrying out most of our research projects under the 15% cap – the harms described herein would be exacerbated. That greater loss in funding from NSF would mean more significant cost-cutting measures would need to be adopted—and quickly. UPENN cannot “float” all of the NSF indirect costs it would likely lose coverage for – nor could it float NSF grants altogether if it is not able to

accept the 15% cap. Therefore, some research projects would need to be terminated altogether, and others would need to be scaled down or pared back significantly. The process of identifying these cuts would need to begin immediately, and layoffs, closures, and research pauses or contractions would follow soon thereafter. Cutting back on UPENN's research in fields such as artificial intelligence, energy efficient chip design, quantum, harvesting of rare earth elements, neuroscience, chemistry, biology and physics will also have long-term implications on national security and the economy of the United States.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 5, 2025, at 3451 Walnut Street, Philadelphia, Pennsylvania

Elizabeth D
Peloso

Digitally signed by
Elizabeth D Peloso
Date: 2025.05.05 18:32:20
-04'00'

Elizabeth Duggins Peloso